

1 STATE OF CALIFORNIA
2 DEPARTMENT OF CORPORATIONS

3 SECOND FINAL TEXT OF PROPOSED CHANGES
4 UNDER THE CORPORATE SECURITIES LAW OF 1968
5 PURSUANT TO NOTICE
6 DATED: October 25, 2000

7 1. Adopt Section 310.100.3 to read:

8 310.100.3. (a) There is hereby exempted from the provisions of Section 31110 of the
9 Code as not being comprehended within the purposes of the Franchise Investment Law and the
10 registration of which is not necessary or appropriate in the public interest or for the protection of
11 investors, any communication made through the Internet, World Wide Web, or any other similar
12 proprietary or common carrier electronic delivery system, of an offer ~~or sale of~~ to sell a franchise
13 ("Internet Offer"), provided:

14 (1) The Internet Offer indicates, directly or indirectly, that the franchise is not being
15 offered to the residents of the State of California;

16 (2) The Internet Offer is not otherwise directed to any person in California by or on
17 behalf of the franchisor or anyone acting with the franchisor's knowledge;

18 (3) No franchises are sold in California by or on behalf of the franchisor ~~until the~~
19 ~~offering has been registered under the Franchise Investment Law and declared effective, and the~~
20 ~~Uniform Franchise Offering Circular (UFOC) has been delivered to the offeree before the sale~~

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23 Additions to the Text dated January 13, 2000 are shown in double underscore. Deletions are
24 shown in ~~double strike out~~. Additions to the Proposed Final Text dated September 8, 2000 are
25 shown in ***bold, italic print and underscored***.

1 ~~and in compliance with the Franchise Investment Law.~~ until the offering has been registered
2 under the Franchise Investment Law and declared effective, and the Uniform Franchise
3 Offering Circular (UFOC) has been delivered to the offeree before the sale and in compliance
4 with the Franchise Investment Law.

5 (b) Reliance on an exemption from registration under this rule does not preclude a
6 franchisor from relying on any other exemption provided under the Franchise Investment Law or
7 the rules promulgated thereunder.

8 Note: Authority cited: Section 31110, Corporations Code. Reference cited: Section
9 31013, Corporations Code.